

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Robert G. Taub

Competitive Product Prices
Global Reseller Expedited Package Services 2
(MC2013-51 and CP2013-64)
Negotiated Service Agreements

Docket No. CP2020-234

ORDER APPROVING MODIFICATION ONE TO GLOBAL RESELLER EXPEDITED
PACKAGE SERVICES 2 NEGOTIATED SERVICE AGREEMENT

(Issued August 23, 2021)

I. INTRODUCTION

In this docket, the Postal Service seeks to modify a Global Reseller Expedited Package Services 2 negotiated service agreement (Existing Agreement). For the reasons discussed below, the Commission approves the modification.

II. BACKGROUND

The Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.¹ The Commission issued a notice reopening the docket to consider the Modification, appointed a Public Representative, and provided interested persons with an opportunity to comment.²

The effective date of the Modification is September 1, 2021. See Notice at 1. The Postal Service filed supporting financial documentation and a certified statement for the Modification, as required by 39 C.F.R. § 3035.105. *Id.*

III. COMMENTS

The Public Representative filed comments on August 20, 2021.³ No other comments were received. The Public Representative recommends approval of the modification, concluding that it satisfies the applicable statutes and will generate sufficient revenue to cover its attributable costs. PR Comments at 2.

IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the Public Representative's comments.

Cost considerations. The Commission reviews Competitive product prices to ensure that each product covers its attributable costs, does not cause Market Dominant products to subsidize Competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long

¹ Notice of the United States Postal Service of Filing Modification One to Global Reseller Expedited Package 2 Negotiated Service Agreement, August 12, 2021 (Notice). The Modification is an attachment to the Notice (Modification).

² See Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, August 13, 2021.

³ Public Representative Comments on Postal Service Notice of Modification One to Global Reseller Expedited Package 2 Negotiated Service Agreement, August 20, 2021 (PR Comments).

as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of Competitive products as a whole or to adversely affect the ability of Competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The modification revises the obligations of the reseller described in Article 6 of the Existing Agreement, revises the expiration date of Existing Agreement to August 31, 2022, provides an update to the obligations of the parties with respect to confidentiality, and stipulates that the Reseller is not aware of any pending investigations or prosecutions related to the Reseller. See Notice at 1, Attachment 1 at 1-4. In addition the Modification amends the prices for Priority Mail Express International Qualifying Mail (Annex 1A), the prices for Priority Mail International Qualifying Mail (Annex 2A), and the prices for First-Class Package International Service Qualifying Mail (Annex 3A). *Id.*, Attachment at 5-7.

Based on a review of the record, the Commission finds that the Existing Agreement, as modified, is projected to cover its attributable costs. Consequently, the Commission finds that the Modification should allow the Global Reseller Expedited Package Services 2 product to continue to comply with 39 U.S.C. § 3633(a)(2). For this reason, the Commission finds that the Modification should not result in Competitive products as a whole being subsidized by Market Dominant products, in accordance with 39 U.S.C. § 3633(a)(1). Similarly, it finds the Modification is unlikely to prevent Competitive products as a whole from contributing an appropriate share of institutional costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Modification indicate it is consistent with section 3633(a). The Commission will review the cost coverage of the Existing Agreement, as modified, in its Annual Compliance Determination to ensure that rates cover costs.

Other considerations. The intended effective date of the Modification is September 1, 2021. See Notice at 1. The Postal Service shall notify the Commission in the corresponding docket should the Modification take effect on a different date.

The Existing Agreement, as modified, is scheduled to expire on August 31, 2022. See Notice at 1, Attachment 1 at 3. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission in the corresponding docket.

The Commission approves the Existing Agreement, as modified.

V. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Reseller Expedited Package Services 2 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Modification takes effect on a date other than September 1, 2021.
3. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, August 31, 2022.

By the Commission.

Erica A. Barker
Secretary